

105TH CONGRESS  
1ST SESSION

# H. R. 731

To amend the Internal Revenue Code of 1986 to permit the interest on water, waste, and essential community facilities loans guaranteed by the Secretary of Agriculture to be tax-exempt.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1997

Mr. POSHARD (for himself and Mr. GOODE) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to permit the interest on water, waste, and essential community facilities loans guaranteed by the Secretary of Agriculture to be tax-exempt.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. WATER, WASTE, AND ESSENTIAL COMMUNITY**  
4                       **FACILITIES LOANS GUARANTEED BY SEC-**  
5                       **RETARY OF AGRICULTURE TO BE TAX-EX-**  
6                       **EMPT.**

7       (a) IN GENERAL.—Paragraph (3) of section 149(b)  
8       of the Internal Revenue Code of 1986 (relating to federally

1 guaranteed bond is not tax exempt) is amended by adding  
2 at the end the following new subparagraph:

3                   “(E) EXCEPTION FOR WATER, WASTE, AND  
4                   ESSENTIAL COMMUNITY FACILITIES LOANS  
5                   GUARANTEED BY SECRETARY OF AGRICULTURE.—A bond issued for a purpose de-  
6                   scribed in paragraph (1) of section 306(a) of  
7                   the Consolidated Farm and Rural Development  
8                   Act (as in effect on the date of the enactment  
9                   of this subparagraph) shall not be treated as  
10                  federally guaranteed by reason of any guarantee  
11                  by the Secretary of Agriculture under section  
12                  309(h) of such Act.”

14           (b) EFFECTIVE DATE.—The amendment made by  
15 subsection (a) shall apply to obligations issued after the  
16 date of the enactment of this Act.

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